

**MINUTES
REGULAR MEETING
ARIZONA STATE RETIREMENT SYSTEM BOARD**

**Friday, March 16, 2007
8:30 a.m., MST**

The Arizona State Retirement System (ASRS) Board met in the 10th Floor Board Room, 3300 N. Central Avenue, Phoenix, Arizona. Dr. Keith Meredith, Chair of the ASRS Board, called the meeting to order at 8:35 a.m., MST.

The meeting was teleconferenced to the ASRS office at 7660 E. Broadway, Tucson, Arizona 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Dr. Keith Meredith, Chairperson
Mr. Michael Townsend, Vice Chairperson
Mr. David Byers
Mr. Tom Connolly
Mr. Jaime Gutierrez (via teleconference)
Mr. Chris Harris
Mr. Karl Polen
Mr. Lawrence Trachtenberg
Mr. Steven Zeman

Also in attendance was Mr. Jim McLaughlin, Trustee elect, who arrived at 10:30 a.m.

A quorum was present for the purpose of conducting business.

Dr. Keith Meredith took a moment to recognize and thank Mr. Karl Polen for his time served on the ASRS Board. Dr. Meredith stated that he was thankful for the time spent learning from Mr. Polen's model of service, his ability to interject his opinion without offending anyone and his strong opinions.

Mr. Paul Matson stated that he would like to take time during the Director's Report to make comments regarding Mr. Polen.

2. Approval of the Consent Agenda

Motion: Mr. Steve Zeman moved to approve Refunds, Death Benefits and Retirements and System Transfers for the month of January, 2007;

And

Approve the minutes of the February 16, 2007, Regular and Special Sessions of the ASRS Board

Mr. Matson suggested a small amendment to the minutes of the Regular Session.

Mr. Zeman indicated that he approved the change suggested.

Mr. Dave Byers seconded the motion.

By a vote of 9 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

3. Presentation, Discussion and Appropriate Action Regarding 2007 ASRS Legislation

Mr. Pat Klein, Assistant Director, External Affairs, and Ms. Lesli Sorensen, Government Relations Officer, presented the current status of the ASRS legislative initiatives. The Board was updated regarding HB 2141, HB 2145, HB 2146, HB 2147, SB 1199, SB 1200, HB 2192 and HB 2196.

4. Presentation, Discussion and Appropriate Action Regarding the ASRS Strategic Plan

Mr. Paul Matson addressed the Board regarding the ASRS Strategic Plan. Mr. Matson explained that the Strategic Plan is a three year plan set forth in February 2006. The agency employs a strategic model that assumes goals can be met by focusing attention on sound governance policy, management and measurement of performance, relevant strategic initiatives, and sensible budgeting that includes investment in human resources. At the core of these elements are agency goals and objectives, agency vision, values and investment principles, and the ASRS purpose as defined in law.

Mr. Matson also indicated several minor changes to the Strategic Plan document.

Dr. Meredith asked about ideas for creating new ways to make quantitative measurements of achievements rather than qualitative measurements. Mr. Matson replied that striving for better ways to measure progress is a current goal for the Strategic Plan reporting.

Mr. Dave Byers asked about the results for the health insurance portion of the Operations Goals section. Mr. Byers indicated that he thought these results seemed high considering various concerns that had come up over the past year regarding health insurance. Mr. Pat Klein, Assistant Director, External Affairs, replied that while it may seem that many are dissatisfied with the health insurance provided, when taken in context with the large number of retirees that

are provided service the number of dissatisfied members may be small in comparison. Mr. Klein clarified that the surveys asked questions about satisfaction with the administration and other aspects of the health insurance program.

Motion: Mr. Dave Byers moved to accept the modifications to the ASRS Strategic Plan.

Mr. Michael Townsend seconded the motion.

By a vote of 9 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

5. Director's Report

Mr. Matson addressed the Board regarding two new charts in the Operations Report. Both reports refer to the Member Services Advisory Center; one regarding timeliness and one regarding call resolution rate. Mr. Matson indicated that the timeliness objective, which is also referred to in the Strategic Plan, was not met. The other chart regarding call resolution rate, also referred to in the Strategic Plan, was met in December and January.

Mr. Matson also took a moment to address the departure of longtime Trustee, Mr. Karl Polen. Mr. Matson stated that he wanted to convey to the Trustees and membership some of the accomplishments of Mr. Polen. Mr. Polen has served on the Board for twelve years on a combination of the Investment Advisory Council, the ASRS Board, and several committees. He has served as Chairman of the Board, Vice Chair of the Board as well as Chair and Vice Chair on various committees. Mr. Matson stated that the intellectual capacity that Mr. Polen brought to the Board was superior. Mr. Polen was a strong advocate for the general membership as well as System members. Mr. Matson stated that Mr. Polen's addition to the Board has been significant and that it has been a tremendous pleasure to have worked with him over the years. Mr. Matson presented Mr. Polen with a plaque in recognition of his service to the ASRS.

Mr. Karl Polen stated that it has been a pleasure to have served on the Board for so many years and he is grateful for the friendships he has developed over the years.

6. Possible Presentation Regarding Board Committee Updates

Mr. Jaime Gutierrez, Chair, External Affairs Committee, had no comments.

Mr. Larry Trachtenberg, Chair, Investment Committee, stated that there would be an Investment Committee meeting on April 4, 2007.

Mr. Michael Townsend, Chair, Operations Committee, stated that the committee has been working on the Risk Assessment. Mr. Townsend also reported that two other state retirement systems had been to visit the ASRS to learn about the IT Plan. The next Operations Committee meeting will take place on March 22, 2007.

7. Board Requests for Agenda Items

There were no requests for future agenda items.

8. Call to the Public

Mr. Daniel Moore addressed the Board regarding his concerns about the integrity of reporting by the ASRS as well as his wife's appeal process.

Mr. Tom McClory, Assistant Attorney General, indicated that since Mr. Moore's wife's appeal was in progress he would not comment at this time.

9. Presentation, Discussion and Appropriate Action with Respect to the 2006 Review of the Director of the ASRS

Motion: Mr. Steve Zeman moved to adjourn to an Executive Session.

Mr. Larry Trachtenberg seconded the motion.

By a vote of 9 in favor, 0 opposed, 0 abstentions and 0 excused the motion was approved.

The Trustees adjourned to Executive Session at 9:50 a.m.

Mr. Jim McLaughlin, Trustee elect, arrived at 10:30 a.m.

The Trustees returned to Regular Session at 11:02 a.m.

Motion: Mr. Michael Townsend moved to increase the Director's compensation by 9% plus any other state legislative approved increases.

Mr. Chris Harris seconded the motion.

By a vote of 9 in favor, 0 opposed, 0 abstentions and 0 excused the motion was approved.

Dr. Meredith indicated to Mr. Matson that the motion indicated a positive review.

10. The next ASRS Regular Board meeting is scheduled for Friday, April 20, 2007, at 8:30 a.m., at 3300 N. Central Avenue, 10th Floor Board room, Phoenix, Arizona.

11. Adjournment of the ASRS Board

Dr. Meredith adjourned the March 16, 2007 Board meeting at 11:03 a.m.

ARIZONA STATE RETIREMENT SYSTEM

Anne Schrode, Secretary

Date

Paul Matson, Director

Date